



## **INSTRUCTIONS FOR PREPARATION OF AN IRREVOCABLE STANDBY LETTER OF CREDIT**

The following instructions detail the use and completion of the Irrevocable Standby Letter of Credit.

1. The Irrevocable Standby Letter of Credit ("Letter of Credit") is one of the five forms of financial deposit instruments accepted by the City to secure proposed work following Engineering Department approval of the project plans and engineering cost estimate.
2. The attached Letter of Credit format should be forwarded to the applicant's financial institution to assist in the preparation of the Letter of Credit.
3. The financial institution prepares the Letter of Credit according to the format given below and returns it to the City printed on the financial institution's letterhead.
4. The name of the financial institution is entered in the blank space in item number one.
5. Item number two, the aggregate amount, is 100% of the approved project cost estimate.
6. **IMPORTANT: AUTOMATIC RENEWAL IS REQUIRED.**
7. The full legal name of the financial institution and the signatures, names, and titles of the authorized officers are entered in the appropriate spaces in item number five.
8. The financial institution then has the signatures notarized in both of the appropriate places and sends the Letter of Credit to the City's Finance Manager.
9. The Letter of Credit must be accepted and signed by the City's Finance Manager and the City Engineer.
10. The applicant will be notified of the City's acceptance of the Letter of Credit by telephone or at the time of submittal.

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## **IRREVOCABLE STANDBY LETTER OF CREDIT**

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To: Finance Manager  
CITY OF ENCINITAS  
505 South Vulcan Avenue  
Encinitas, CA 92024

Re: [Financial Institution's identification number or other  
designation for this Credit]

1. The undersigned, \_\_\_\_\_ ("Financial Institution"), having a branch in the County of San Diego, hereby establishes an Irrevocable Standby Letter of Credit ("Credit") in favor of the City of Encinitas.
2. The aggregate amount drawn against this Credit shall not exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_).
3. This Credit shall be available by your drafts drawn at sight and accompanied by a duly signed certificate of the City Engineer of the City of Encinitas in form and of content as set forth in the attached Exhibit A or Exhibit B (a "Certificate"). The Financial Institution shall have no responsibility whatsoever for verifying or investigating the truth of any matter stated in Certificate.
4. AUTOMATIC RENEWAL REQUIRED.

In the event the draft or drawing under this Letter of Credit is for an amount less than the amount available under this Letter of Credit, the original Letter of Credit shall be endorsed by the Financial Institution in the amount of the draft or drawing. After such endorsement for partial drawing, the Financial Institution shall forthwith return the original of this Letter of Credit to the City of Encinitas.

5. This Credit is subject to the Uniform Custom and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce (Publication #400). In the event this Letter of Credit shall not have been drawn upon and shall expire during any interruption of business as described in Article 19 of said publication 400, the Financial Institution hereby agrees specifically to permit a draft on or under this Letter of Credit for a period of thirty (30) days after the resumption of business as also defined therein.

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[Full legal name of Financial Institution]

By: \_\_\_\_\_  
[Name]

Its: \_\_\_\_\_  
[Title]

By: \_\_\_\_\_  
[Name]

Its: \_\_\_\_\_  
[Title]

**NOTARIZATION:**

STATE OF CALIFORNIA, COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_,

Personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evidence to be the person(s) whose  
name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that  
by his/her/their signature(s) on the instrument the person(s), or the entity upon  
behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

**NOTARIZATION:**

STATE OF CALIFORNIA, COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_,

Personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evidence to be the person(s) whose  
name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that  
by his/her/their signature(s) on the instrument the person(s), or the entity upon  
behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

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**ACCEPTED**

CITY OF ENCINITAS

Date: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_, Finance Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_, City Engineer

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Exhibit 'A'

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**CERTIFICATE OF THE CITY ENGINEER  
TO ACCOMPANY DRAFT(S) DRAWN UNDER**

\_\_\_\_\_  
[Financial Institution's identification number or other designation for this Credit]

Re: \_\_\_\_\_  
[Property Location or Project Description]

I, \_\_\_\_\_ [name] do hereby certify that I am the City Engineer of the City of Encinitas and do certify that:

- (1) \_\_\_\_\_ [name of subdivider/grantee] has not satisfactorily complied with the terms and conditions of that certain covenant (the "Covenant") regarding real property public/private improvements required as a condition of the \_\_\_\_\_ [e.g., variance, use permit, other entitlement, or subdivision] dated \_\_\_\_\_, 20\_\_\_\_; and
- (2) The Covenant remains outstanding and in full force and effect as of the date hereof.

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
City Engineer,  
City of Encinitas

(Note: in cases of no recorded covenant, substitute term "Covenant" with "Permit" and reference the appropriate municipal ordinance).

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Exhibit 'B'

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**CERTIFICATE OF THE CITY ENGINEER  
TO ACCOMPANY DRAFT(S) DRAWN UNDER**

\_\_\_\_\_ [Financial Institution's identification number or other designation for this Credit]

Re: \_\_\_\_\_  
[Property Location or Project Description]

I, \_\_\_\_\_ [name] do hereby certify that I am the City Engineer of the City of Encinitas and do further certify that: the draft or drawing against \_\_\_\_\_ [name of financial institution] Letter of Credit No. \_\_\_\_\_ in the principal amount of \$ \_\_\_\_\_ dollars (U.S. \$ \_\_\_\_\_) is being made solely due to the fact the Letter of Credit shall expire within 90 days or less, and has been renewed or replaced by \_\_\_\_\_ [name of subdivider/grantee]. The original Letter of Credit together with all other required documentation, are herewith enclosed and said Letter of Credit is to be cancelled upon receipt and payment drawn for the full amount available under said Letter of Credit.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
City Engineer,  
City of Encinitas